

Tobin & Co.

Kearney Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name KEARNEY TOWNSHIP	County ANTRIM
Audit Date MARCH 31, 2005	Opinion Date SEPTEMBER 13, 2005	Date Accountant Report Submitted to State: SEPTEMBER 30, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TODIN & CO PC			
Street Address 400 E 8TH STREET	City TRAVERSE CITY	State MI	ZIP 49686
Accountant Signature David J. Barlow		Date 9-30-05	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements of Kearney Township, Antrim County, for the year ended March 31, 2005 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Kearney Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in good condition by your Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in good order.

We did note some shortcomings in the maintenance of these records and in a separate management letter, we have detailed these shortcomings and suggested measures which, if adopted, will improve the accounting records and internal controls.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds.

General Fund

The General Fund is presented on Schedule 1. The fund balance at March 31, 2005 was \$676,401. The Fire District, Library, and Ambulance taxes were handled through this fund since the same amounts received were paid out to the Fire District, Public Library, and Ambulance Authority.

The Township may wish to consider a Public Improvement Fund, a Budget Stabilization Fund, or consider the fund balance in future tax levies.

Fire District Tax

Kearney Township is a member of a Fire District and levies a 1.5 mill special assessment for fire protection. Since the amounts collected are paid over to the Fire District, receipts and disbursements are handled through the General Fund. For 2004-2005, the amount collected and paid out was \$182,148.

Library Tax

For the audit year, Kearney Township levied a .3525 mill property tax for library services. The amount collected was paid over to the Bellaire Public Library, so the receipts and disbursements were handled through the General Fund. For 2004-2005, the amount collected and paid out was \$47,271.

Ambulance Authority Tax

For the audit year, Kearney Township levied a .4579 mill property tax for ambulance services. The amount collected was paid over to the Ambulance Authority, so the receipts and disbursements were handled through the General Fund. For 2004-2005, the amount collected and paid out was \$60,246.

Road Fund

This fund, presented on Schedule 2, was established to account for a special voted tax of .7164 mill for road maintenance and improvements. Tax collections totaled \$93,165 while road expenditures were \$73,211. The fund balance at March 31, 2005 was \$183,677.

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Comments and Recommendations

Special Assessments

During a prior audit year, the Township established a special assessment district for construction of roads in the Swiss Village East development. The Capital Outlay and Debt Service funds related to this development are reflected on Schedules 3 and 4.

During a prior audit year, the Township established a special assessment district for the Mancelona Water Authority. The Township treasurer collects these assessments and submits them directly to the Water Authority.

Property Tax Administration Fees

A 1% property tax administration fee is authorized by statute to offset such property tax administration costs as assessing, collecting, and the review and appeal process. Kearney Township levied this fee on its 2004 property taxes. Since costs exceeded fee collections by \$3,440, the Township was in compliance with statutory provisions.

Property Tax Collections

\$161,106 of property taxes collected was not distributed to certain taxing units prior to the end of the fiscal year, as required by statutes.

Except as noted above, the Treasurer handled this function well. Receipts were filed in order of payment, and supported by computer printouts. Deposits were timely and intact. Deposits were placed in interest bearing accounts.

Schedules 5 and 6 reflect the amount levied, collected, and returned delinquent for the 2004 property tax levy.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, Zoning Administrator, and Supervisor have surety bond coverage.

Payroll Procedures

The Clerk observes federal and State guidelines in the withholding of income taxes and social security. Withholdings were paid over in a timely manner, required reports were filed, and forms W-2 were issued to employees at calendar year end. Payroll records were maintained in good order.

Other Data

Excess cash is invested by the Treasurer in interest bearings savings and money market accounts and in certificates of deposit. This resulted in earned interest of \$12,465 for which the Treasurer and other Board members are commended.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Kearney Township
Antrim County
Bellaire, Michigan 49615

We have audited the accompanying financial statements of the governmental activities and each major fund of Kearney Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Kearney Township at March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Kearney Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
September 12, 2005

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KEARNEY TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of the Kearney Township, Antrim County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Kearney Township for the fiscal year ended March 31, 2005.

Financial Highlights

The assets of Kearney Township exceeded its liabilities at the close of the most recent fiscal year by \$1,250,908. Of this amount, \$676,401 may be used to meet the Township's General Fund ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$945,623, an increase of \$101,048 in comparison with the prior year. Of the total amount, \$676,401 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$676,401, or 135% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kearney Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Kearney Township does not have any business-type activities (examples would include water and sewer, golf courses, cemeteries, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kearney Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Kearney Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Kearney Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Swiss Village East Debt Service Fund, and Swiss Village East Capital Projects Fund, which are considered to be major funds. All Township government activities are included in these four funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic Fiduciary fund financial statements can be found on page 15 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

General Fund: This fund is used to record all activities of the Township not required to be recorded in a separate fund. This would include parks, zoning, building and grounds, legislative, administrative, and elections. The major source of revenue for the general fund is from the Township tax base and the revenue sharing from the State of Michigan.

Analysis of Balances and Transactions of the Other Township's Funds.

Roads: This fund is used to record revenues and expenses for road maintenance and construction located within the Township. The source of revenue comes from a voted millage. The major expense for this fund is hot mix asphalt paving. The Township has been able to cost share several of their road projects with the Antrim County Road Commission to maximize their paving dollar.

Swiss Village East Capital Project Fund: This fund is used to record revenues and expenses to pay the construction expense for road projects within the Swiss Village East Development. Source for this revenue was a bond.

Swiss Village East Debt Service Fund: This fund is used to record revenues and expenses to pay off the bond used for road construction within the Swiss Village East Development. The source for this revenue is a special assessment of properties within Swiss Village East Development.

Condensed Financial Information

Refer to pages 11 to 14 of the audited financial statements.

Capital Asset and Debt Administration

Capital Assets

The Township's net investment in capital and intangible assets for its governmental activities as of March 31, 2005, amounts to \$93,253. This investment in capital assets includes: several parcels of land, township hall, parks facilities, fire and rescue buildings, fire and rescue trucks and equipment, and office equipment and computers. The investment in intangible assets includes road construction. This is the first year that the total Township's investment in capital and intangible assets has been assessed and reported. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives.

Cash Assets

At the end of the current fiscal year, the Township had \$994,637 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had \$200,000 of installment debt outstanding. No new debt was incurred during the fiscal year.

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Pension Plan

The Township makes pension contributions equal to approximately 15% of each employee's wage to Manufacturers Life Insurance Co. on behalf of each participating employee. This is an expensed item in the budget and totaled \$7,674 for the fiscal year.

Currently Known Facts, Decisions, or Conditions

The Township plans for the future include an upgrade of computer systems used by Township personnel as well as the acquisition of land for future use for parks, recreation and Township government facility.

Requests for Information

This financial report is designed to provide a general overview of Kearney Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Timothy Comben, Kearney Township Supervisor at P. O. Box 51, Bellaire, MI 49615.

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Kearney Township Statement of Net Assets March 31, 2005

	Governmental Activities <u>And Total</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 994,637
Accounts Receivables	79,110
Special Assessments Receivable	136,903
Capital Assets:	
Land	162
Other Capital Assets, Net of Depreciation	21,405
Intangible Assets, Net of Amortization	<u>271,686</u>
Total Assets	<u>1,503,903</u>
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	52,995
Long-term Liabilities:	
Due Within One Year	20,000
Due in More Than One Year	<u>180,000</u>
Total Liabilities	<u>252,995</u>
<u>Net Assets</u>	
Invested in Capital and Intangible Assets, Net of Related Debt	93,253
Restricted for:	
Roads	183,677
Debt Service – Swiss Village East	182,422
Capital Projects – Swiss Village East	40,026
Unrestricted	<u>751,530</u>
Total Net Assets	<u>\$ 1,250,908</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township Statement of Activities March 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 50,611	\$ -	\$ -	\$ (50,611)
General Government	138,392	19,393	-	(118,999)
Public Safety	262,739	-	-	(262,739)
Public Works	1,725	9,794	4,619	12,688
Recreation and Cultural	48,271	-	-	(48,271)
Interest on Long-Term Debt	<u>4,856</u>	<u>-</u>	<u>-</u>	<u>(4,856)</u>
Total Governmental Activities	<u>\$ 506,594</u>	<u>\$ 29,187</u>	<u>\$ 4,619</u>	<u>(472,788)</u>
General Revenues:				
Property Taxes				544,515
Grants and Contributions Not Restricted to Specific Programs				74,240
Unrestricted Investment Earnings				12,965
Miscellaneous				<u>3,437</u>
Total General Revenues				635,157
Change in Net Assets				162,369
Net Assets – Beginning				<u>1,088,539</u>
Net Assets – Ending				<u>\$ 1,250,908</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township Balance Sheet Governmental Funds March 31, 2005

	<u>General</u>	<u>Road</u>	<u>Swiss Village East Debt Service</u>	<u>Swiss Village East Capital Project</u>	<u>Total</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 687,396	\$ 174,635	\$ 38,872	\$ 40,026	\$ 940,929
Accounts Receivable, Net	60,820	14,309	140,884	-	216,013
Due from other Funds	<u>42,000</u>	<u>9,042</u>	<u>2,666</u>	<u>-</u>	<u>53,708</u>
Total Assets	<u>\$ 790,216</u>	<u>\$ 197,986</u>	<u>\$ 182,422</u>	<u>\$ 40,026</u>	<u>\$ 1,210,650</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable and Accrued Expenses	\$ 52,995	\$ -	\$ -	\$ -	\$ 52,995
Deferred Revenue	<u>60,820</u>	<u>14,309</u>	<u>136,903</u>	<u>-</u>	<u>212,032</u>
Total Liabilities	<u>113,815</u>	<u>14,309</u>	<u>136,903</u>	<u>-</u>	<u>265,027</u>
Fund Balances:					
Unrestricted	<u>676,401</u>	<u>183,677</u>	<u>45,519</u>	<u>40,026</u>	<u>945,623</u>
Total Fund Balances	<u>676,401</u>	<u>183,677</u>	<u>45,519</u>	<u>40,026</u>	<u>945,623</u>
Total Liabilities and Fund Balances	<u>\$ 790,216</u>	<u>\$ 197,986</u>	<u>\$ 182,422</u>	<u>\$ 40,026</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					293,253
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.					212,032
Some liabilities, including notes payable and certain accrued expenses, are not due and payable in the current period and therefore are not reported in the funds.					<u>(200,000)</u>
Net assets of governmental activities.					<u>\$ 1,250,908</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2005

	General	Road	Swiss Village East Debt Service	Swiss Village East Capital Project	Total
<u>Revenues</u>					
Taxes	\$ 445,264	\$ 93,165	\$ -	\$ -	\$ 538,429
Licenses and Permits	6,118	-	-	-	6,118
State Grants	74,240	4,619	-	-	78,859
Charges for Services	13,275	-	-	-	13,275
Interest and Rents	11,096	1,142	692	35	12,965
Other	3,437	-	26,749	-	30,186
Total	<u>553,430</u>	<u>98,926</u>	<u>27,441</u>	<u>35</u>	<u>679,832</u>
<u>Expenditures</u>					
Legislative	50,611	-	-	-	50,611
General Government	110,194	-	-	-	110,194
Public Safety	262,739	-	-	-	262,739
Public Works	200	73,211	-	-	73,411
Recreation and Cultural	48,271	-	-	-	48,271
Debt Service	-	-	4,856	-	4,856
Other	25,694	-	-	-	25,694
Capital Outlay	3,008	-	-	-	3,008
Total	<u>500,717</u>	<u>73,211</u>	<u>4,856</u>	<u>-</u>	<u>578,784</u>
<u>Excess Revenues (Expenditures) and Net Change in Fund Balances</u>	52,713	25,715	22,585	35	101,048
Fund Balance – Beginning of Year	<u>623,688</u>	<u>157,962</u>	<u>22,934</u>	<u>39,991</u>	<u>844,575</u>
Fund Balance – End of Year	<u>\$ 676,401</u>	<u>\$ 183,677</u>	<u>\$ 45,519</u>	<u>\$ 40,026</u>	<u>\$ 945,623</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Activities
For the Year Ended March 31, 2005

Net change in fund balances – total governmental funds	\$ 101,048
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets and costs of intangible assets exceeded depreciation and amortization in the current period.	72,190
Revenues in the governmental funds that provide current financial resources are not reported as revenues in the statement of activities	<u>(10,869)</u>
Changes in net assets of governmental activities	<u>\$ 162,369</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township Statement of Fiduciary Net Assets March 31, 2005

Assets	<u>Agency Funds</u>
Cash	<u>\$ 114,856</u>
Total Assets	<u>114,856</u>
Liabilities	
Undistributed Taxes and Interest	<u>114,856</u>
Total Liabilities	<u>114,856</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

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Kearney Township
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Kearney Township is a general law township located in Antrim County. Population as of the 2000 census was 1,764, and the current state equalized valuation for taxable property is \$171,553,300. Taxable valuation is \$132,499,285.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Capital Projects Funds – Capital Projects Funds are used to account for the purchases and/or construction of capital facilities which are not accounted for by Proprietary or Trust Funds.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

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Kearney Township Notes to Financial Statements March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 – 20 years
Buildings and Improvements	25 – 40 years
Fire Department Vehicles	20 years
Fire Department Equipment	25 – 30 years
Township Vehicles	4 – 7 years
Machinery and Equipment	5 – 10 years
Office Furniture	5 – 20 years
Computer Equipment	1 – 3 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$171,553,300	\$132,499,285	.9166
Fire Protection	\$158,249,200	\$119,195,185	1.5000
Roads	\$171,553,300	\$132,499,285	.7164
Library	\$171,553,300	\$132,499,285	.3525
Ambulance	\$171,553,300	\$132,499,285	.4579

G. Investments

Township investments at March 31, 2005 consisted of \$730,420 in bank money market and LUG fund accounts composed of investment vehicles which are legal for direct investments by local units of government in Michigan. These are reported as cash in bank on the Township balance sheet.

H. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Kearney Township Notes to Financial Statements March 31, 2005

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2005.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2005, the Township incurred expenditures in excess of amounts appropriated without formal budget amendment by the Board as follows:

General Fund Activities:

Clerk	\$	344
Board of Review		501
Township Hall and Grounds		385
Ambulance Services		3,680
Fire Protection		18,479
Library		3,413
Capital Outlay		108

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,127,855 deposited with a local financial institution at March 31, 2005 with a carrying value of \$1,109,493. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$702,864 of uninsured deposits at March 31, 2005.

Tobin & Co.

Kearney Township Notes to Financial Statements March 31, 2005

NOTE 4 - RECEIVABLES

\$79,110 of accounts receivable of governmental activities represent delinquent property taxes due from Antrim County and individual taxpayers.

\$130,665 of governmental activities special assessments receivables are not due within one year.

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/05</u>
Governmental Activities:				
Land and Improvements	\$ 9,162	\$ -	\$ -	\$ 9,162
Buildings and Improvements	65,922	-	-	65,922
Machinery and Equipment	6,208	3,008	-	9,216
Furniture and Fixtures	<u>6,168</u>	<u>-</u>	<u>-</u>	<u>6,168</u>
Total	87,460	3,008	-	90,468
Less Accumulated Depreciation	<u>(66,397)</u>	<u>(2,504)</u>	<u>-</u>	<u>(68,901)</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,063</u>	<u>\$ 504</u>	<u>\$ -</u>	<u>\$ 21,567</u>

Intangible assets at March 31, 2005 consisted of major improvements to roads owned and maintained by Antrim County: Cost \$73,211 less accumulated amortization of \$1,525.

NOTE 6 - LONG-TERM DEBT

On April 20, 1999 the Township issued \$295,000 in special assessment bonds for the purpose of road construction, with the bonds to be paid back over 15 years with the collection of special assessments of the affected property owners. Principal is payable every April 1 beginning April 1, 2001 and interest is payable every April 1 and October 1, beginning April 1, 2001 at rates from 3.7% to 5.5%.

Debt service requirements to maturity:

March 31,	<u>Principal</u>	<u>Interest</u>
2005	\$ 20,000	\$ 8,690
2006	20,000	7,860
2007	20,000	7,010
2008	20,000	6,140
2009	20,000	5,250
2010	20,000	4,340
2011	20,000	3,410
2012	20,000	2,460
2013	20,000	1,490
2014	<u>20,000</u>	<u>500</u>
	<u>\$ 200,000</u>	<u>\$ 47,150</u>

NOTE 7 - ACCOUNTS PAYABLE

As of March 31, 2005 the General Fund had the following payables:

Fire District	\$ 41,147
Public Library	\$ 10,247
Payroll Taxes	\$ 1,601

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Kearney Township Notes to Financial Statements March 31, 2005

NOTE 8 - LOANS BETWEEN FUNDS

At March 31, 2005 the Current Property Tax Collection Fund owed the General Fund \$42,000 and the Road Fund \$9,042.

NOTE 9 - INVENTORIES

Kearney Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 10 - PENSION PLAN

The Township participates in a defined contribution plan through Manufacturers Life Insurance. By Board resolution the Township contributes 15% of the treasurer, clerk and supervisor salaries and 15% of trustees' salaries to a maximum of \$200 per year. The Township will pay 100% of the annual contribution.

The plan covers all elected officials with immediate 100% vesting.

The plan is administered by the Township Clerk.

For 2004-2005, Township contributions to the plan were \$7,674. Covered payroll for the year was \$50,949 with a total payroll for all employees of \$74,345.

The Township provides social security coverage for its officials and employees.

NOTE 11 - PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2004 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. For the audit year, administration costs exceeded fee collections by \$3,440. The Township has accumulated excess costs of \$127,206 and is in compliance with statutory requirements.

NOTE 12 - COMPENSATED ABSENCES

The Township provides no payment to employees for unused sick leave, accumulated leave, etc..

NOTE 13 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2005.

NOTE 14- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Kearney Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2005

Schedule 1
Page 1

Revenues	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Taxes	\$ 304,556	\$ 304,556	\$ 332,492	\$ 27,936
Delinquent Taxes	72,975	72,975	69,603	(3,372)
Swamp Tax	1,200	1,200	1,196	(4)
Other Property Taxes	100	100	19	(81)
Penalties and Interest on Taxes	300	300	270	(30)
Property Tax Administration Fees	37,588	37,588	41,684	4,096
Licenses and Permits:				
Zoning Permits and Dog Licenses	3,010	3,010	6,118	3,108
State Grants:				
State Shared Revenues	76,000	76,000	74,240	(1,760)
Charges for Services:				
Summer Tax Collection	12,040	12,040	11,848	(192)
Fees	1,400	1,400	550	(850)
Sales	320	320	682	362
Land Splits	200	200	195	(5)
Interest and Rents:				
Interest	3,000	3,000	11,096	8,096
Other:				
Miscellaneous	-	-	949	949
Refunds and Reimbursements	1,000	1,000	2,488	1,488
Total Revenues	513,689	513,689	553,430	39,741
Expenditures				
Legislative:				
Township Board:				
Salaries and Wages	-	-	2,540	-
Supplies	-	-	2,439	-
Postage	-	-	335	-
Legal and Contractual	-	-	11,462	-
Printing and Publishing	-	-	1,584	-
Dues	-	-	2,046	-
Other	-	-	30,205	-
Total	35,000	62,400	50,611	11,789
Total Legislative	35,000	62,400	50,611	11,789
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	11,536	-
Supplies	-	-	222	-
Total	12,236	12,236	11,758	478

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2005

Schedule 1
Page 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	2,233	-
Supplies	-	-	978	-
Other	-	-	187	-
Total	<u>5,000</u>	<u>5,000</u>	<u>3,398</u>	<u>1,602</u>
Assessor:				
Supplies	-	-	1,811	-
Postage	-	-	1,309	-
Contractual Services	-	-	23,513	-
Other	-	-	1,278	-
Total	<u>30,713</u>	<u>30,713</u>	<u>27,911</u>	<u>2,802</u>
Clerk:				
Salaries and Wages	-	-	21,525	-
Supplies	-	-	353	-
Total	<u>21,534</u>	<u>21,534</u>	<u>21,878</u>	<u>(344)</u>
Board of Review:				
Salaries and Wages	-	-	950	-
Printing and Publishing	-	-	141	-
Other	-	-	210	-
Total	<u>800</u>	<u>800</u>	<u>1,301</u>	<u>(501)</u>
Treasurer:				
Salaries and Wages	-	-	17,330	-
Supplies	-	-	731	-
Postage	-	-	3,238	-
Contractual Services	-	-	2,677	-
Transportation	-	-	99	-
Printing and Publishing	-	-	298	-
Other	-	-	2,147	-
Total	<u>29,081</u>	<u>29,081</u>	<u>26,520</u>	<u>2,561</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2005

Schedule 1
Page 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Township Hall and Grounds:				
Supplies	-	-	162	-
Communications	-	-	5,105	-
Public Utilities	-	-	4,226	-
Maintenance and Repairs	-	-	5,992	-
Total	<u>15,100</u>	<u>15,100</u>	<u>15,485</u>	<u>(385)</u>
Cemetery:				
Salaries and Wages	-	-	1,571	-
Supplies	-	-	92	-
Maintenance and Repairs	-	-	280	-
Total	<u>2,800</u>	<u>2,800</u>	<u>1,943</u>	<u>857</u>
Total General Government	<u>117,264</u>	<u>117,264</u>	<u>110,194</u>	<u>7,070</u>
Public Safety:				
Ambulance Services:				
Contractual Services	<u>56,566</u>	<u>56,566</u>	<u>60,246</u>	<u>(3,680)</u>
Total	<u>56,566</u>	<u>56,566</u>	<u>60,246</u>	<u>(3,680)</u>
Fire Protection:				
Contractual Services	<u>163,669</u>	<u>163,669</u>	<u>182,148</u>	<u>(18,479)</u>
Total	<u>163,669</u>	<u>163,669</u>	<u>182,148</u>	<u>(18,479)</u>
Zoning:				
Salaries and Wages	-	-	7,012	-
Supplies	-	-	10	-
Other	-	-	274	-
Total	<u>10,102</u>	<u>10,102</u>	<u>7,296</u>	<u>2,806</u>
Planning:				
Salaries and Wages	-	-	11,286	-
Supplies	-	-	17	-
Contractual Services	-	-	212	-
Printing and Publishing	-	-	515	-
Other	-	-	600	-
Total	<u>26,850</u>	<u>26,850</u>	<u>12,630</u>	<u>14,220</u>
Zoning Board of Appeals:				
Salaries and Wages	-	-	385	-
Printing and Publishing	-	-	34	-
Total	<u>1,300</u>	<u>600</u>	<u>419</u>	<u>181</u>
Total Public Safety	<u>258,487</u>	<u>257,787</u>	<u>262,739</u>	<u>(4,952)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2005

Schedule I
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
Public Works:				
Street Lighting	<u>250</u>	<u>250</u>	<u>200</u>	<u>50</u>
Total Public Works	<u>250</u>	<u>250</u>	<u>200</u>	<u>50</u>
Recreation and Culture:				
Library	<u>43,858</u>	<u>43,858</u>	<u>47,271</u>	<u>(3,413)</u>
Park	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Recreation and Culture	<u>44,858</u>	<u>44,858</u>	<u>48,271</u>	<u>(3,413)</u>
Other:				
Employee Benefits and Insurance	<u>26,700</u>	<u>26,700</u>	<u>25,694</u>	<u>1,006</u>
Contingencies	<u>28,230</u>	<u>28,230</u>	<u>-</u>	<u>28,230</u>
Total Other	<u>54,930</u>	<u>54,930</u>	<u>25,694</u>	<u>29,236</u>
Capital Outlay	<u>2,900</u>	<u>2,900</u>	<u>3,008</u>	<u>(108)</u>
Total Expenditures	<u>513,689</u>	<u>540,389</u>	<u>500,717</u>	<u>39,672</u>
Excess Revenues (Expenditures)	(1) <u>\$ -</u>	<u>\$ (26,700)</u>	<u>52,713</u>	<u>\$ 79,413</u>
Fund Balance – Beginning of Year			<u>623,688</u>	
Fund Balance – End of Year			<u>\$ 676,401</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Road Fund
For the Year Ended March 31, 2005

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 71,517	\$ 71,517	\$ 78,920	\$ 7,403
Delinquent Taxes	17,137	17,137	14,245	(2,892)
State Grants:				
Metro Act	-	-	4,619	4,619
Interest and Rents:				
Earned Interest	<u>960</u>	<u>960</u>	<u>1,142</u>	<u>182</u>
Total	<u>89,614</u>	<u>89,614</u>	<u>98,926</u>	<u>9,312</u>
<u>Expenditures</u>				
Road Improvements	<u>89,614</u>	<u>89,614</u>	<u>73,211</u>	<u>16,403</u>
Total	<u>89,614</u>	<u>89,614</u>	<u>73,211</u>	<u>16,403</u>
Excess Revenues (Expenditures)	<u>\$ -</u>	<u>\$ -</u>	25,715	<u>\$ 25,715</u>
Fund Balance – Beginning of Year			<u>157,962</u>	
Fund Balance – End of Year			<u>\$ 183,677</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Swiss Village Debt Service Fund
For the Year Ended March 31, 2005

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 692	\$ 692
Other:				
Special Assessments	<u>25,810</u>	<u>25,810</u>	<u>26,749</u>	<u>939</u>
Total Revenues	<u>25,810</u>	<u>25,810</u>	<u>27,441</u>	<u>1,631</u>
<u>Expenditures</u>				
Debt Service	<u>29,900</u>	<u>29,900</u>	<u>4,856</u>	<u>25,044</u>
Total Expenditures	<u>29,900</u>	<u>29,900</u>	<u>4,856</u>	<u>25,044</u>
Excess Revenues (Expenditures)	(1) <u>\$ (4,090)</u>	<u>\$ (4,090)</u>	22,585	<u>\$ 26,675</u>
Fund Balance – Beginning of Year			<u>22,934</u>	
Fund Balance – End of Year			<u>\$ 45,519</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Swiss Village East Capital Project Fund
For the Year Ended March 31, 2005

Schedule 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 35	\$ 35
Total	-	-	35	35
<u>Expenditures</u>				
Total	-	-	-	-
Excess Revenues (Expenditures)	\$ -	\$ -	35	\$ 35
Fund Balance – Beginning of Year			39,991	
Fund Balance – End of Year			\$ 40,026	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2005

Schedule 5

	Balance 3/31/04	Additions	Deductions	Balance 3/31/05
<u>Assets</u>				
Cash	\$ 62,418	\$ 3,997,387	\$ 3,891,241	\$ 168,564
Total Assets	\$ 62,418	\$ 3,997,387	\$ 3,891,241	\$ 168,564
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 38,349	\$ 3,419,234	\$ 3,342,727	\$ 114,856
Due to Other Funds	24,069	578,153	548,514	53,708
Total Liabilities	\$ 62,418	\$ 3,997,387	\$ 3,891,241	\$ 168,564

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township 2004 Property Tax Levy and Collections For the Year Ended March 31, 2005

Schedule 6

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	6.1374	\$ 811,053	\$ 676,148	\$ 134,905
State Education	6.0000	792,959	689,359	103,600
School District	18.8500	1,860,415	1,560,796	299,619
School District	19.5000	147	21	126
Intermediate School District	2.9732	392,851	341,536	51,315
Intermediate School District	2.7534	57	39	18
Township - General	0.9166	121,124	100,973	20,151
- Roads	0.7164	94,665	78,916	15,749
- Library	0.3525	46,572	38,824	7,748
- Ambulance	0.4579	60,502	50,436	10,066
- Fire Special Assessment	1.5000	178,435	148,712	29,723
- Special Assessment - Roads		24,668	18,431	6,237
- Special Assessment - Water		<u>124,363</u>	<u>101,532</u>	<u>22,831</u>
Total		<u>\$ 4,507,811</u>	<u>\$ 3,805,723</u>	<u>\$ 702,088</u>

Percent of Levy Collected 84.43%

(1) Includes .3734 mil for Commission on Aging and .7203 mil for Meadowbrook Medical Care Facility

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended March 31, 2005

Schedule 7

Revenues

Property Tax Administration Fees	\$ 41,684
Total Revenues	<u>41,684</u>

Expenditures

Assessor	27,911
Board of Review	1,301
Treasurer – 60%	<u>15,912</u>
Total	<u>45,124</u>
Excess Revenues (Expenditures)	(3,440)
Excess Revenues (Expenditures) – Prior Years	<u>(123,766)</u>
Accumulated Excess Revenues (Expenditures)	<u>\$ (127,206)</u>

The Notes to the Financial Statements are an integral part of this statement.